

**DeSoto Parish Sales and Use Tax Commission  
Mansfield, Louisiana**

**Annual Financial Report  
For the Year Ended June 30, 2013**



**DeSoto Parish Sales and Use Tax Commission  
Mansfield, Louisiana**

**Annual Financial Report  
As of and for the Year Ended June 30, 2013**

**CONTENTS**

	<u>Statement</u>	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT		5-6
REQUIRED SUPPLEMENTARY INFORMATION		7
Management’s Discussion and Analysis (MD&A)		8-13
GOVERNMENT-WIDE FINANCIAL STATEMENTS		14
Statement of Net Position	A	15
Statement of Activities	B	16
FUND FINANCIAL STATEMENTS		17
Governmental Funds Balance Sheet	C	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	19
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balance	E	20
Reconciliation of the Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statements of Activities	F	21
General Fund – Budgetary Comparison Schedule	G	22
Fiduciary Fund – Statement of Fiduciary Assets and Liabilities	H	23
NOTES TO THE FINANCIAL STATEMENTS		
Index		24
Notes		25-37
REQUIRED SUPPLEMENTARY INFORMATION		38
Schedule of Funding Progress for Other Post Employment Benefits		39
Schedule of Employer Contributions for Other Post Employment Benefit Plan		40
OTHER REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		41-42





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## Independent Auditor's Report

Board Members  
DeSoto Parish Sales and Use Tax Commission  
Mansfield, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the DeSoto Parish Sales and Use Tax Commission, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the DeSoto Parish Sales and Use Tax Commission, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress for Other Post Employment Benefits and the Schedule of Employer Contributions for Other Post Employment Benefit Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013 on our consideration of the DeSoto Parish Sales and Use Tax Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

*Allen, Green & Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
December 16, 2013

**REQUIRED SUPPLEMENTARY INFORMATION:**

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS (MD&A)**

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**DeSoto Parish Sales and Use Tax Commission**  
**Management's Discussion and Analysis**  
**June 30, 2013**

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Our discussion and analysis of the DeSoto Parish Sales and Use Tax Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2013.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS** In fiscal year 2013, the Commission implemented the following GASB Statements:

Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position." This Statement establishes standards for reporting of deferred outflows of resources, deferred inflows of resources, and net position.

Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement amends or supersedes the accounting and financial guidance for certain items previously reported as assets or liabilities as well as establishes accounting and financial reporting standards for the financial statements of state and local governments.

Although these Statements had no current effect on the financial statements as a result of implementation, the Statements did change the presentation of the Commission's financials, which consisted of the net assets being classified as net position.

Our government-wide financial statements provide these insights into the results of this year's operations:

The assets of the DeSoto Parish Sales and Use Tax Commission exceeded its liabilities at the close of the most recent fiscal year by \$250,941 (net position). This is a \$62,624 decrease from the \$313,565 reported at June 30, 2012.

As of the close of the current fiscal year, the unrestricted net position of the Commission was a deficit of \$37,906 or (6.57)% of total operating expenses for the fiscal year.

The Commission's revenue received from charges for services for the year ended June 30, 2013 was \$514,393, this is an increase of \$25,597 from the revenue received from charges for services of \$488,796 in 2012. This was mainly due to a decrease in the total tax collections which caused our collection fee percentage to increase since the Commission's revenue is based on the ratio of expenses paid to collect the tax to the total taxes collected.

The Commission's total expenses for the year ended June 30, 2013 was \$577,045, this is a decrease of \$27,958 from the expenses of \$605,003 in 2012. This decrease of expenses was mainly due to pay supplements approved by the Board in November 2011 and May 2012 being received by Commission employees during the 2012 fiscal year.

#### **USING THIS ANNUAL REPORT**

The DeSoto Parish Sales and Use Tax Commission's annual report consists of a series of financial statements that show information for the DeSoto Parish Sales and Use Tax Commission as a whole, and its funds. The Statement of Net Position and the Statement of Activities provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. For our governmental activities, the fund financial statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the Commission's overall financial health. Fund financial



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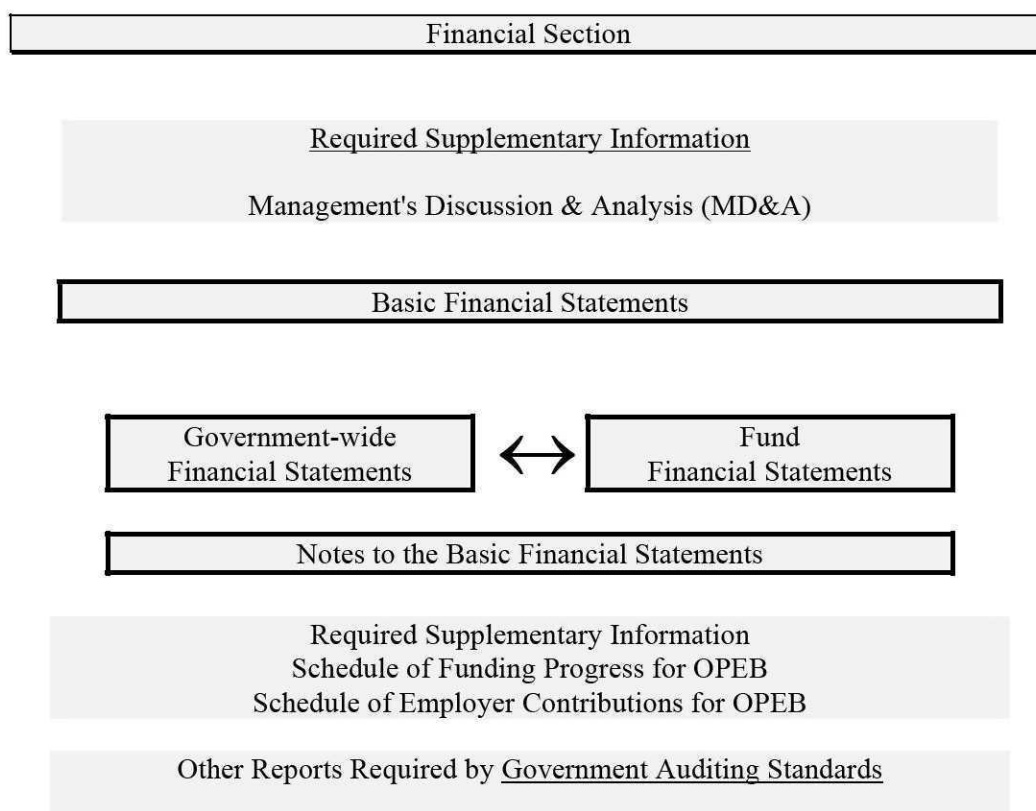
**DeSoto Parish Sales and Use Tax Commission**  
**Management's Discussion and Analysis**  
**June 30, 2013**

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statements also report the Commission's operations in more detail than the governmental-wide financial statements by providing information about the Commission's General Fund.

The following chart reflects the information included in this annual report.



Our auditor has provided assurance in the independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplementary Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

### **Reporting the Commission as a Whole**

#### **The Statement of Net Position and the Statement of Activities**

Our analysis of the DeSoto Parish Sales and Use Tax Commission as a whole begins with the government-wide financial statements. One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the Commission's financial statements, report information about the Commission as a whole and its activities in a way that helps answer this question. We prepare these statements to include all assets, liabilities, and deferred outflow/inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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**DeSoto Parish Sales and Use Tax Commission**  
**Management's Discussion and Analysis**  
**June 30, 2013**

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These two statements report the Commission's net position - the difference between assets and liabilities, as reported in the Statement of Net Position - as one way to measure the DeSoto Parish Sales and Use Tax Commission's financial health, or financial position. Over time, increases or decreases in the Commission's net position as reported in the Statement of Activities are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Commission's operating results. However, the Commission's goal is to increase sales tax collections and decrease operating expense.

In the Statement of Net Position and the Statement of Activities, the Commission's activities are shown as:

Governmental Activities - All of the Commission's basic services are reported here, including salaries and contract labor, employee benefits, professional fees, operations and maintenance, repairs and upkeep, and administrative expenses. Sales tax collection fee revenue finances these activities.

**Reporting the Commission's Most Significant Funds**

**Fund Financial Statements**

The DeSoto Parish Sales and Use Tax Commission report all of its activity in one governmental fund which uses the following approach:

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Commission's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliations (Statements D and F).

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**DeSoto Parish Sales and Use Tax Commission**  
**Management's Discussion and Analysis**  
**June 30, 2013**

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**THE COMMISSION AS A WHOLE**

Our analysis below focuses on the net Position (Table 1) and changes in net Position (Table 2) of the Commission's governmental activities.

**Table 1**  
**Net Position**  
**June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>	<u>Variance</u>
<b>ASSETS</b>			
Other assets	\$ 47,200	\$ 53,711	\$ (6,511)
Capital assets (net of accumulated depreciation)	288,847	303,343	(14,496)
Total Assets	<u>336,047</u>	<u>357,054</u>	<u>(21,007)</u>
<b>LIABILITIES</b>			
Other liabilities	15,000	-	15,000
Long-term liabilities	70,106	43,489	26,617
Total Liabilities	<u>85,106</u>	<u>43,489</u>	<u>41,617</u>
<b>NET POSITION</b>			
Net investment in capital assets	288,847	303,343	(14,496)
Unrestricted	<u>(37,906)</u>	<u>10,222</u>	<u>(48,128)</u>
Total Net Position	<u>\$ 250,941</u>	<u>\$ 313,565</u>	<u>\$ (62,624)</u>

Net position of the Commission's governmental activities for June 30, 2013 was \$250,941. Unrestricted net position that is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was a deficit of \$37,906.

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**DeSoto Parish Sales and Use Tax Commission**  
**Management's Discussion and Analysis**  
**June 30, 2013**

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**Table 2**  
**Changes in Net Position**  
**For the Years Ended June 30**

	<u>2013</u>	<u>2012</u>	<u>Variance</u>
Program revenues:			
Fees, charges, and commissions for services	\$ 514,393	\$ 488,796	\$ 25,597
General revenues - Interest earned	<u>28</u>	<u>51</u>	<u>(23)</u>
Total Revenues	514,421	488,847	25,574
Sales tax collections:			
Personnel services and related benefits	475,971	509,259	(33,288)
Operating services	73,887	61,817	12,070
Materials and supplies	5,953	7,791	(1,838)
Travel	6,738	8,790	(2,052)
Depreciation expense	<u>14,496</u>	<u>17,346</u>	<u>(2,850)</u>
Total Program Expenses	<u>577,045</u>	<u>605,003</u>	<u>(27,958)</u>
Change in Net Position	(62,624)	(116,156)	53,532
Net Position - Beginning of year	<u>313,565</u>	<u>429,721</u>	<u>(116,156)</u>
Net Position - End of year	<u><u>\$ 250,941</u></u>	<u><u>\$ 313,565</u></u>	<u><u>\$ (62,624)</u></u>

***Governmental Activities***

The cost of all governmental activities this year was \$577,045.

**THE DESOTO PARISH SALES AND USE TAX COMMISSION'S FUNDS**

As the DeSoto Parish Sales and Use Tax Commission completed the year, its governmental funds reported a fund balance of \$32,200, which decreased \$21,511 from prior year. Collection fees increased \$25,597 due to an increase in the percentage charged for collection fees from the prior year. In addition, total expenditures decreased \$27,958 due to pay supplements approved for the Commission employees during the prior year were not approved for 2013.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Budgeted revenues exceeded actual revenues by \$26,607. This negative variance was due to the ratio of our actual expenses to collect the tax to our actual total collections.

Budgeted expenditures exceeded actual expenditures by \$22,237. This positive variance was due to a decrease in our actual operating, materials and travel expenses.

The final budgeted revenues decreased \$8,864 from the original budgeted revenues due to an increase in the total operating services and a decrease in the total tax collections.

The final budgeted expenditures increased \$8,277 from the original budgeted expenditures due to an increase in personnel services from the original budget.

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**DeSoto Parish Sales and Use Tax Commission**  
**Management's Discussion and Analysis**  
**June 30, 2013**

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**CAPITAL ASSET**

At June 30, 2013, the Commission had \$288,847 invested in capital assets, including equipment, and furniture and fixtures. This amount represents a net decrease (including additions, deductions, and depreciation) of \$14,496 or 4.78%, from last year.

**Capital Assets at Year-end**

	<u>2013</u>	<u>2012</u>	<u>Variance</u>
Building	\$389,607	\$389,607	\$ -
Equipment and furniture	<u>112,081</u>	<u>112,081</u>	<u>-</u>
Total	501,688	501,688	-
Less Accumulated Depreciation	<u>212,841</u>	<u>198,345</u>	<u>14,496</u>
Net Capital Assets	<u><u>\$288,847</u></u>	<u><u>\$303,343</u></u>	<u><u>\$ (14,496)</u></u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS** Our elected and appointed officials and citizens consider many factors when setting the DeSoto Parish Sales and Use Tax Commission's budget and tax rates. One of the most important factors affecting the budget is sales tax collections. 99% of our total revenues are from collection fees charged to collect the tax. We have budgeted a 1.2% change in revenue and expenditures for the year ending June 30, 2014.

**CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT** Our financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Mr. Chris Robinette, Administrator, P. O. Box 927, Mansfield, LA 71052 or at (318) 872-3343.

**GOVERNMENT-WIDE FINANCAL  
STATEMENTS**

**DESOTO PARISH SALES & USE TAX COMMISSION**

**STATEMENT OF NET POSITION**  
**June 30, 2013**

**Statement A**

	<b>GOVERNMENTAL ACTIVITIES</b>
<hr/>	
ASSETS	
Cash	\$ 46,175
Prepaid expenses	1,025
Capital assets, net of accumulated depreciation	<u>288,847</u>
 TOTAL ASSETS	 <u>336,047</u>
 LIABILITIES	
Accounts payable	15,000
Long-term liabilities:	
Due within one year	16,480
Due within more than one year	<u>53,626</u>
 TOTAL LIABILITIES	 <u>85,106</u>
 NET POSITION	
Net investment in capital assets	288,847
Unrestricted	<u>(37,906)</u>
 TOTAL NET POSITION	 <u><u>\$ 250,941</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DESOTO PARISH SALES & USE TAX COMMISSION**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2013**

	<b>Statement B</b>
	<b>GOVERNMENTAL ACTIVITIES</b>
EXPENSES	
Sales Tax Collections:	
Personnel services and related benefits	\$ 475,971
Operating services	73,887
Materials and supplies	5,953
Travel expense	6,738
Depreciation	14,496
	<hr/>
TOTAL PROGRAM EXPENSES	577,045
	<hr/>
PROGRAM REVENUES	
Charges for services	514,393
	<hr/>
NET PROGRAM EXPENSE	(62,652)
	<hr/>
GENERAL REVENUES	
Interest earned	28
	<hr/>
TOTAL GENERAL REVENUES	28
	<hr/>
INCREASE (DECREASE) IN NET POSITION	(62,624)
	<hr/>
NET POSITION - BEGINNING OF YEAR	313,565
	<hr/>
NET POSITION - END OF YEAR	\$ 250,941
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



# **FUND FINANCIAL STATEMENTS**

DESOTO PARISH SALES & USE TAX COMMISSION

GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2013

Statement C

ASSETS	
Cash	\$ 46,175
Prepaid expenses	1,025
	<hr/>
TOTAL ASSETS	47,200
	<hr/>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	15,000
	<hr/>
Total Liabilities	15,000
	<hr/>
Fund balances:	
Non-spendable	1,025
Committed	31,175
	<hr/>
Total Fund Balances	32,200
	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 47,200
	<hr/>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DESOTO PARISH SALES & USE TAX COMMISSION**

**Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
6/30/2013**

**Statement D**

Total fund balances - governmental funds \$ 32,200

The cost of capital assets (land, buildings, furniture and equipment and infrastructure ) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Costs of capital assets	\$ 501,688	
Accumulated depreciation	<u>(212,841)</u>	
		288,847

Long-term liabilities applicable to the Commission's governmental are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long term - are reported in the Statement of Net Position.

Balances at June 30, 2013 are:

OPEB liability	(53,626)
Compensated absences payable	<u>(16,480)</u>

Net position of governmental activities	<u><u>\$ 250,941</u></u>
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DESOTO PARISH SALES & USE TAX COMMISSION**

**GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the Year Ended June 30, 2013**

**Statement E**

**REVENUES**

Local sources:

Collection fees	\$ 514,393
Interest earned	28

TOTAL REVENUES	514,421
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**EXPENDITURES**

Current:

Sales tax collections:

Personnel services and related benefits	449,354
Operating services	73,887
Materials and supplies	5,953
Travel expense	6,738

TOTAL EXPENDITURES	535,932
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Net Change in Fund Balances	(21,511)
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FUND BALANCE - BEGINNING OF YEAR	53,711
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FUND BALANCE - END OF YEAR	\$ 32,200
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DESOTO PARISH SALES & USE TAX COMMISSION**

**Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
to the Statement of Activities  
For the Year Ended June 30, 2013**

**Statement F**

Net change in fund balances - governmental funds \$ (21,511)

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:

Depreciation	\$(14,496)	(14,496)
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In the Statement of Activities, certain operating expenses-compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation time used (\$18,269) exceeded the amounts earned (\$15,852) by \$2,417.

2,417

Increase in OPEB liability, in which is reported in the Statement of Activities and not reported as expenditures in governmental funds.

(29,034)

Change in net position of governmental activities

\$ (62,624)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DESOTO PARISH SALES & USE TAX COMMISSION**

**GENERAL FUND  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2013**

**Statement G**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>AMOUNTS</b>	<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
Resources (inflows)				
Local sources:				
Collection fees	\$ 549,790	\$ 540,926	\$ 514,393	\$ (26,533)
Interest earned	102	102	28	(74)
Amounts available for appropriations	549,892	541,028	514,421	(26,607)
Charges to appropriations (outflows)				
Sales tax collections:				
Personnel services and related benefits	453,189	455,935	449,354	6,581
Operating services	73,853	81,384	73,887	7,497
Materials and supplies	8,700	8,700	5,953	2,747
Travel expense	11,500	9,500	6,738	2,762
Capital outlay	2,650	2,650	-	2,650
Total charges to appropriations	549,892	558,169	535,932	22,237
Changes in Fund Balances	-	(17,141)	(21,511)	(4,370)
BUDGETARY FUND BALANCE, BEGINNING	105,915	53,711	53,711	-
BUDGETARY FUND BALANCE, ENDING	\$ 105,915	\$ 36,570	\$ 32,200	\$ (4,370)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DESOTO PARISH SALES & USE TAX COMMISSION**  
**FIDUCIARY FUND**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**June 30, 2013**

**Statement H**

	<b>AGENCY FUND</b>
<hr/>	
<b>ASSETS</b>	
Cash	\$ 9,944
Sales tax receivable	2,951,889
Occupancy tax receivable	10,129
Cash restricted for taxes paid under protest	7,085,404
	<hr/>
Total assets	10,057,366
	<hr/> <hr/>
<b>LIABILITIES</b>	
Deposits due others	2,971,962
Taxes paid under protest from restricted assets	7,085,404
	<hr/>
Total liabilities	\$ 10,057,366
	<hr/> <hr/>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DeSoto Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2013**

	<u>INDEX</u>	<u>Page</u>
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....		25
A. REPORTING ENTITY .....		25
B. FUNDS .....		25
<u>Governmental Funds</u> .....		25
<u>Fiduciary Funds</u> .....		25
C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING.....		26
<u>Government-Wide Financial Statements (GWFS)</u> .....		26
<u>Fund Financial Statements (FFS)</u> .....		26
<u>Governmental Funds</u> .....		26
<u>Fiduciary Funds</u> .....		27
D. BUDGETS.....		27
E. DEPOSITS .....		28
F. CAPITAL ASSETS .....		28
G. COMPENSATED ABSENCES .....		28
H. USE OF ESTIMATES .....		28
I. FUND EQUITY OF FUND FINANCIAL STATEMENTS .....		28
J. LONG-TERM LIABILITIES.....		29
NOTE 2 - DEPOSITS .....		29
NOTE 3 - CAPITAL ASSETS.....		30
NOTE 4 - RETIREMENT SYSTEMS.....		30
NOTE 5 - COMPENSATED ABSENCES .....		31
NOTE 6 - LONG-TERM OBLIGATIONS.....		31
NOTE 7 - RISK MANAGEMENT .....		31
NOTE 8 - LITIGATION AND CLAIMS .....		31
NOTE 9 - AGENCY FUND DEPOSITS DUE OTHERS .....		32
NOTE 10 - OCCUPANCY TAX COLLECTION FUND PAYMENTS.....		32
NOTE 11 - SALES TAX AND OCCUPANCY TAX COLLECTIONS AND DISBURSEMENTS.....		33
NOTE 12 - FUND BALANCE CLASSIFICATION DETAILS .....		34
NOTE 13 - LIENS OVER SALES TAX REMITTER .....		34
NOTE 14 - OTHER POST EMPLOYMENT BENEFITS (OPEB).....		34
NOTE 15 - NEW GASB STANDARDS .....		37



**DeSoto Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** As provided by Article VII, Section 3 of the Louisiana Constitution of 1974, the DeSoto Parish Sales and Use Tax Commission serves as the collector of sales and use taxes for the parish. The commission is comprised of five members, two each selected from the DeSoto Parish School Board and the DeSoto Parish Police Jury and one selected from the City of Mansfield, in accordance with a joint agreement of the agencies. The commissioners serve for indefinite terms and without benefit of compensation. The accompanying financial statements of the Commission have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**A. REPORTING ENTITY**

The DeSoto Parish Sales and Use Tax Commission was created as a political subdivision of the state under the provisions of Article VII, Section 3, of the Louisiana Constitution of 1974. Commission board members are appointed by taxing authorities imposing sales taxes within the parish and are solely accountable for fiscal matters, which include fiscal management for controlling the collection and disbursement of funds. Additionally, the Commission is the collector for all sales and use and occupancy taxes within the parish. Based on the above, the Commission was determined to be a separate governmental reporting entity. The Commission includes all funds that are within the primary responsibility of the Commission. Certain units of local government over which the Commission exercises no primary responsibility, such as the DeSoto Parish Police Jury, School Board, Assessor, Clerk of Court, and municipalities within the parish, are excluded from the accompanying financial statements. These units of local government are governed by independently elected officials. They are neither controllable by nor answerable to the Commission. Further, their operations do not require the approval of the Commission nor is the Commission legally or morally responsible for their actions. They are considered separate reporting entities and issue financial statements separate from those of the DeSoto Parish Sales and Use Tax Commission.

**B. FUNDS** The accounts of the Commission are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Funds of the Commission are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund and a description of each existing fund type follow:

**Governmental Funds** Governmental funds are used to account for the Commission's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition of capital assets, and the servicing of long-term debt. Governmental funds include:

**General fund** - the primary operating fund of the Commission. It accounts for all financial resources of the Commission, except those accounted for in another fund.

**Fiduciary Funds** Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Commission.

**DeSoto Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2013**

**Agency Funds** are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity. The agency funds are as follows:

**Sales tax collection agency fund** - accounts for sales tax monies collected on behalf of other taxing authorities within the parish.

**Occupancy tax collection agency fund** - accounts for occupancy tax monies collected on behalf of other taxing authorities within the parish.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

**Government-Wide Financial Statements (GWFS)** The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. The Statement of Net Position and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities, and deferred outflows/inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, liabilities, and deferred outflows/inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Non-exchange Transactions." Fiduciary funds are not included in the government-wide financial statements.

**Program revenues** Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Commission's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Commission's general revenues.

**Allocation of indirect expenses** The Commission reports all direct expenses by object in the Statement of Activities. Direct expenses are those that are clearly identifiable with an object.

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted resources first, then restricted as needed.

**Fund Financial Statements (FFS)**

**Governmental Funds** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

**DeSoto Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2013**

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

**Fees for the collection of sales and use taxes** are recorded when the commission is entitled to the funds which are when the taxes are collected.

**Fees for the collection of occupancy taxes** are recorded when the commission is entitled to the funds which are when the taxes are collected.

**Interest income** is recorded monthly as interest is earned.

**Other receipts** become measurable and available when cash is received by the Commission and are recognized as revenue at that time.

**Expenditures**

**Salaries** are recorded as earned.

**Other Financing Sources (Uses)** Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

**Fiduciary Funds** The agency fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting.

**D. BUDGETS**

**General Budget Policies** The Commission follows these procedures in establishing the budgetary data reflected in the combined financial statements:

During March and April the administrator prepares a preliminary budget for presentation to the Commission. In accordance with adopted policies of the Commission, the budget document must include the following:

1. A budget message, signed by the administrator, which includes a summary description of the most important features and objectives of the budget.
2. A budget summary listing.
3. A proposed budget adoption resolution for the City, School Board, and Police Jury.

The Commission then reviews the proposed budget, makes any changes it deems appropriate, and approves the budget for submission to the taxing bodies on or before May 1. The City, School Board, and Police Jury, no later than June 15, approve or reject the budget.

During the year, the administrator is authorized, subject to approval of the Commission, to make changes within budget classifications as he may deem appropriate. However, any reallocation of budgeted amounts in excess of 5% of total revenues, total expenditures, and/or beginning fund balance, must be approved in advance by the City, School Board, and Police Jury.

**DeSoto Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2013**

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Budgeted amounts included in the accompanying financial statements include the original budget amounts and any subsequent amendments.

Formal budget integration (within the accounting records) is not employed. Budget amounts included in the accompanying financial statements include the original and amended adopted budget.

**Encumbrances** Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

**E. DEPOSITS** Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Commission may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**F. CAPITAL ASSETS** Capital assets are recorded at cost or estimated historical cost if purchased or constructed and depreciated over their estimated useful lives. The capitalization threshold is \$100. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used, based on the following estimated useful lives:

Buildings	40 years
Furniture and Equipment	5-12 years

**G. COMPENSATED ABSENCES** All employees earn from 10 to 20 days vacation leave each year depending on length of service. Unused vacation leave may be carried forward to the succeeding year up to a maximum of 60 days and is paid to employees upon separation from service. All employees receive one day of sick leave per month. Sick leave may be accumulated, however upon separation from service, all unused sick leave is forfeited.

**H. USE OF ESTIMATES** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**I. FUND EQUITY OF FUND FINANCIAL STATEMENTS:**

GASB 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

**Non-spendable:** Fund balance that is not in spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories and prepaid items.

**Restricted:** Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**DeSoto Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2013**

**Committed:** Fund balance that can only be used for specific purposes determined by the Commission's highest level of decision making authority. The Board is the highest level of decision making authority for the Commission which can commit fund balance prior to the close of the fiscal year through the submission and adoption of a resolution. Committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit the funds.

**Assigned:** Fund balance that is constrained by the Commission's intent to be used for specific purposes, but are neither restricted nor committed. The Commission's policy does not address assignment of fund balance.

**Unassigned:** Fund balance that is the residual classification for the general fund.

The Commission reduces unassigned amounts, followed by assigned amounts and then committed amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**J. LONG-TERM LIABILITIES** The Commission provides certain continuing medical, dental, vision and life insurance benefits for its retired employees. The OPEB Plan is a single-employer defined benefit "substantive plan" as understood by past practices of the Commission.

**NOTE 2 - DEPOSITS** Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At year-end, the Commission's carrying amount of deposits was \$7,141,523 and the bank balance was \$7,191,058.

These deposits are reported as follows: Statement A-cash and cash equivalents, \$46,175; Statement H-cash and cash equivalents, \$7,095,348. Of the bank balance, \$250,000 was collateralized with FDIC Insurance. The balance of \$6,941,058 was collateralized by pledged securities. Even though the pledged securities are considered uncollateralized Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

**Interest rate risk:** The Commission's policy does not address interest rate risk.

**Custodial credit risk:** The Commission's policy does not address custodial credit risk.



**DeSoto Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 3 - CAPITAL ASSETS** The changes in capital assets follow:

	Balance Beginning	Additions	Deletions	Balance Ending
Governmental activities:				
Building	\$ 389,607	\$ -	\$ -	\$ 389,607
Furniture and equipment	112,081	-	-	112,081
Total	501,688	-	-	501,688
Less accumulated depreciation:	198,345	14,496	-	212,841
Capital assets, net	<u>\$ 303,343</u>	<u>\$ (14,496)</u>	<u>\$ -</u>	<u>\$ 288,847</u>

**NOTE 4 - RETIREMENT SYSTEMS** All Commission employees participate in the Teachers' Retirement System of Louisiana, which is a cost-sharing, multiple-employer public employee retirement system (PERS). Benefit provisions are ultimately approved and amended by the Louisiana Legislature. Pertinent information relative to the plan is as follows:

**Teachers' Retirement System**

**Plan description** Participation in the Teachers' Retirement System is divided into two plans - the Teachers' Regular Plan and the Teachers' Plan A. All Commission employees participate in the Teachers' Regular Plan. Generally, all full-time employees are eligible to participate in the system.

With respect to the Teachers' Retirement System Regular Plan, normal retirement is at age 60 with ten years of service, or at any age with 20 years of service. The formula for annual maximum retirement benefits is generally two percent (with less than 25 years of service) or 2.5 percent (with 25 or more years of service) times the years of creditable service times the average salary of the 36 highest successive months (plus \$300 applicable to persons becoming members prior to July 1, 1986).

TRS issues an annual financial report. The report can be obtained by telephoning or writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana, 70804-9123, (225) 925-6446.

**Funding Policy** The system is administered and controlled at the state level by a separate board of trustees, with contribution rates approved and amended by the Louisiana Legislature. Benefits of the systems are funded by employee and employer contributions. Benefits granted by the retirement systems are guaranteed by the state of Louisiana under provisions of the Louisiana Constitution of 1974. The Commission's employer contribution for the TRS, as provided by state law, is funded by the state of Louisiana through annual appropriations and by remittances from the Commission.

Contribution rates (as a percentage of covered salaries) for active plan members as established by the Louisiana Legislature for the year ended June 30, 2013, are as follows:

	<u>Employee</u>	<u>Employer</u>
Louisiana Teachers' Retirement System, Regular	8.00%	24.5%

**DeSoto Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2013**

Total covered payroll of the Commission for TRS - Regular Plan for the year ended June 30, 2013, amounted to \$289,679. Employer contributions for the past three years are as follows:

<u>Fiscal Years Ended</u>	
June 30, 2013	\$71,317
June 30, 2012	77,692
June 30, 2011	66,304

The Commission made 100% of the annual actuarially required contributions.

**NOTE 5 - COMPENSATED ABSENCES** At June 30, 2013, employees of the Commission have accumulated and vested \$16,480 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

**NOTE 6 - LONG-TERM OBLIGATIONS** The following is a summary of the long-term obligation transactions for the year ended June 30, 2013:

Governmental activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balances</u>	<u>Due within One year</u>
Compensated Absences	\$ 18,897	\$ 15,852	\$ 18,269	\$ 16,480	\$ 16,480
OPEB Liability	24,592	44,034	15,000	53,626	-
<b>Total</b>	<u>\$ 43,489</u>	<u>\$ 59,886</u>	<u>\$ 33,269</u>	<u>\$ 70,106</u>	<u>\$ 16,480</u>

**NOTE 7 - RISK MANAGEMENT** The Commission is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the commission maintains commercial insurance policies covering; automobile liability, medical payments, uninsured motorist, and collision; business liability; property coverage; workers compensation; and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. In addition to the above policies, the commission also maintains an errors and omissions claims paid policy.

**NOTE 8 - LITIGATION AND CLAIMS**

**Taxes Paid Under Protest** At June 30, 2013, the Commission is involved in three different litigations regarding taxes paid under protest. These funds have been placed in an escrow account. A liability of \$7,085,404 for taxes paid under protest is included in the deposits due others in the agency fund.

**Other Claims** In addition, there are refund requests where lawsuits have been filed for the recovery of taxes that were remitted without being paid under protest and distributed to the respective taxing authorities totaling \$14,292,557. Also, refund claims have been made in which lawsuits have not yet been filed totaling \$5,730,882.

**DeSoto Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 9 - AGENCY FUND DEPOSITS DUE OTHERS** The following is a summary of the collections and payments made to local governmental entities for sales tax collections during the year ended June 30, 2013:

BALANCE, Beginning	\$ 11,085,729
<u>Receipts:</u>	
Sales Tax Collections	37,751,565
<u>Disbursements:</u>	
DeSoto Parish School Board	21,997,811
DeSoto Parish Police Jury	8,799,984
DeSoto Parish Law Enforcement District	4,400,819
City of Mansfield	1,911,685
Town of Logansport	192,683
Village of South Mansfield	71,210
Town of Stonewall	251,459
Village of Grand Cane	121,614
Town of Keachi	84,102
Collection fees	512,496
Audit fees (sales tax vendors)	436,065
Total Disbursements	<u>38,779,928</u>
BALANCE, Ending	<u><u>\$ 10,057,366</u></u>

**NOTE 10 - OCCUPANCY TAX COLLECTION FUND PAYMENTS** The following is a summary of the collections and payments made to local governmental entities for occupancy tax collections during the year ended June 30, 2013:

<u>Receipts:</u>	
Occupancy Tax Collections	\$ 140,365
<u>Disbursements:</u>	
City of Mansfield	138,466
Collection Fee	1,899
Total Disbursements	<u><u>\$ 140,365</u></u>



**DeSoto Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 11 - SALES TAX AND OCCUPANCY TAX COLLECTIONS AND DISBURSEMENTS** The following are schedules of the sales tax and occupancy tax collections and disbursements on an cash basis collected in behalf of and payments made to local governmental entities for fiscal year ended June 30, 2013:

SALES TAX				
	Total Collections	Collection Fees	Audit Fees	Total Distribution
DeSoto Parish School Board (2.5%)				
School Board 5/1/68 (1%)	\$9,026,054	\$119,139	\$107,790	\$8,799,125
School Board 7/1/86 (.5%)	4,513,027	59,570	53,895	4,399,562
School Board 7/1/86 (.5%)	4,513,027	59,570	53,895	4,399,562
School Board 7/1/01 (.5%)	4,513,027	59,570	53,895	4,399,562
	<u>22,565,135</u>	<u>297,849</u>	<u>269,475</u>	<u>21,997,811</u>
DeSoto Parish Police Jury (1%)				
Police Jury 7/1/81 (.25%)	2,256,730	29,788	26,948	2,199,994
Police Jury 7/1/81 (.50%)	4,513,463	59,575	53,895	4,399,993
Police Jury 7/1/81 (.10%)	902,693	11,915	10,779	879,999
Police Jury 7/1/81 (.15%)	1,354,039	17,873	16,169	1,319,997
	<u>9,026,925</u>	<u>119,151</u>	<u>107,791</u>	<u>8,799,983</u>
Law Enforcement District (.5%)	4,514,301	59,587	53,895	4,400,819
City of Mansfield (1.5%)				
Mansfield 7/1/80 (1%)	1,294,047	17,366	2,161	1,274,520
Mansfield 1/1/09 (.5%)	646,926	8,682	1,080	637,164
	<u>1,940,973</u>	<u>26,048</u>	<u>3,241</u>	<u>1,911,684</u>
Town of Logansport (1%)	196,487	2,628	1,176	192,683
Village of South Mansfield (1%)	72,189	979	0	71,210
Town of Stonewall (1%)	255,085	3,405	220	251,460
Village of Grand Cane (1%)	123,509	1,682	213	121,614
Town of Keachi (1%)	<u>85,324</u>	<u>1,167</u>	<u>54</u>	<u>84,103</u>
Total	<u>\$ 38,779,928</u>	<u>\$ 512,496</u>	<u>\$ 436,065</u>	<u>\$ 37,831,367</u>

OCCUPANCY TAX			
	Total Collections	Collection Fees	Total Distribution
City of Mansfield (3%)	<u>\$ 140,365</u>	<u>\$ 1,899</u>	<u>\$ -</u>

**DeSoto Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 12 - FUND BALANCE CLASSIFICATION DETAILS:** The following are details of the fund balance classifications.

Non spendable:	General
Prepaid items	\$ 1,025
Committed to:	
Sick and annual leave pay	31,175
Total	<u>\$ 32,200</u>

**NOTE 13 - LIENS OVER SALES TAX REMITTERS** The Commission has outstanding liens against sales tax remitters who have not submitted sales tax reports to the Commission. The Commission cannot determine the exact amounts owed by the sales tax remitters, since no sales tax returns were submitted and processed into the Commission's accounting records. The lien amounts recorded at the Clerk of Court's Office are based on estimates determined by the frequency of sales tax returns submitted and the tax liability owed by the remitter in past sales tax returns. Therefore, no amounts are recorded on the Commission's agency fund, since the collection of the estimates is not probable.

**NOTE 14 - OTHER POST EMPLOYMENT BENEFITS (OPEB)** Effective with the fiscal year ended June 30, 2012, the Desoto Parish Sales and Use Tax Commission elected to provide post retirement benefits to its employees. Employees of the Commission are included in the health insurance benefit plan of the DeSoto Parish School Board. The School Board does have a trust established for their OPEB plan.

**Plan description** - The Commission's OPEB plan is a single-employer defined benefit "substantive plan" as understood by past practices of the Commission and its employees. Although no written plan currently exists or is sanctioned by law, the OPEB plan is reported based on communication to plan members. The plan provides lifetime healthcare insurance for eligible retirees through the Commission's group health insurance plan. Also, no stand-alone financial report was prepared. Substantially all of the Commission's employees become eligible for these benefits if they reach normal retirement age while working for the Commission, and if the employee chooses to obtain health care benefits from the Commission.

**Funding Policy** - The contribution requirements of plan members and the Commission are established and comply with LRS 42:801-883. Employees do not contribute to their post-employment benefits cost until they become retirees and begin receiving those benefits. The contribution rates are as follows:

Years of Employment	Medical		Dental		Vision	
	% Paid by Retiree	% Paid by School Board	% Paid by Retiree	% Paid by School Board	% Paid by Retiree	% Paid by School Board
Less than 10	80	20	100	0	100	0
10 to 14.99	60	40	75	25	100	0
15 to 19.99	40	60	50	50	100	0
20 or more	15	85	25	75	0	100

- Medical - grandfathering provisions apply to those employees hired before January 1, 2010.
- Dental - grandfathering provisions apply to those employees hired before January 1, 2011.
- Vision - grandfathering provisions apply to those employees retired before January 1, 2011.

**DeSoto Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2013**

For those hired prior to January 1, 2010, the Board pays 100% of the life insurance premium for retired employees with coverage ending at age 99. Employees that retire after January 1, 2010 are eligible for the following life insurance benefits paid based on their years of service working for the School Board when they retire with coverage ending at 80:

<u>Years of Employment</u>	<u>Life Insurance</u>
Less than 20	No insurance
20 to 30	\$5,000
30 or more	\$10,000

The plan is currently financed on a “pay as you go basis”, with the Commission contributing \$15,000 for the year ended June 30, 2013. There were no retired employees as of June 30, 2013.

The plan does not issue a standalone report.

**Annual Other Post Employment Benefit Cost and Liability** - The Commission’s annual other post employment benefit (OPEB) cost (expense) is calculated on the annual required contributions of the employer (ARC). The Commission has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities (UAL) over the average remaining life expectancy of the plan’s participants. A 29 year closed amortization period was used for post employment benefits. The total ARC for fiscal year 2013 is \$42,804 as set forth below:

Normal Cost	\$ 27,222
30-year UAL amortization amount	15,582
Annual required contribution (ARC)	<u>\$ 42,804</u>

The following table presents the Commission’s OPEB Obligation for fiscal year 2013:

	<u>2013</u>	<u>2012</u>
Beginning Net OPEB Obligation July 1	\$ 24,592	None
Annual required contribution	42,804	39,592
Interest on prior year Net OPEB Obligation	1,230	-
Adjustment to ARC	-	-
Annual OPEB Cost	<u>\$ 44,034</u>	<u>\$ 39,592</u>
Less current year retiree premiums (payment made to Trust)	15,000	15,000
Increase in Net OPEB Obligation	<u>29,034</u>	<u>24,592</u>
Ending Net OPEB Obligation at June 30	<u>\$ 53,626</u>	<u>\$ 24,592</u>

The \$15,000 payment was made to the DeSoto Parish School Board Other Post-Employment Benefits Trust. Utilizing the pay as you go method, the Commission contributed 34% of the annual post employment benefits cost during 2013 and 38% during 2012.

**DeSoto Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2013**

**Funded Status and Funding Progress** – The Commission’s actuarial accrued liability of \$224,690 was partially funded.

The funded status of the plan, as determined by using the alternative measurement method as of June 30, 2013, was as follows:

Actuarial accrued liability (AAL)	\$ 224,690	\$ 193,902
Actuarial value of plan assets	30,000	15,000
Unfunded actuarial accrued liability (UAAL)	<u>\$ 194,690</u>	<u>\$ 178,902</u>
Funded ratio (actuarial value of plan assets/AAL)	13.4%	7.7%
Covered payroll	289,679	327,803
UAAL as a percentage of covered payroll	67.2%	54.6%

The Schedule of Funding Progress and Schedule of Employer Contributions required supplemental information follows the notes. The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

**Alternative Measurement Method and Assumptions** - The projection of future benefits payments for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

The plan covers employees and their spouses. Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 55, or the first subsequent year in which the member would qualify for benefits. Marital status of plan members at the calculation date was expected to continue throughout retirement. Life expectancy assumptions were based on mortality tables at the U.S. Census Bureau website ([www.census.gov](http://www.census.gov)). The *Expectation of Life at Birth, 1960 to 2008 and Projections, 2010 to 2020 by Age, Sex and Race Table* was used. There was no assumption for turnover and all participants were eligible to receive benefits. The 2013 health insurance premiums for current employees were used as the basis for calculation of the present value of total benefits to be paid. The expected rate on increase in healthcare costs was based on Pre-Medicare and Medicare eligible graduated down from 7.3% to an ultimate annual rate of 4.96% which includes an inflation rate of 2.75%. The alternative measure assumptions included a 5% rate of return on investments. The unfunded actuarial accrued liability is being amortized as a level dollar amount. The remaining amortization period at June 30, 2013 for other post employment benefits (OPEB) is twenty-eight years.

**DeSoto Parish Sales and Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 15 - NEW GASB STANDARDS** In fiscal year 2013, the Commission implemented the following GASB Statements:

Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position." This Statement establishes standards for reporting of deferred outflows of resources, deferred inflows of resources, and net position.

Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement amends or supersedes the accounting and financial guidance for certain items previously reported as assets or liabilities as well as establishes accounting and financial reporting standards for the financial statement of state and local governments.

Although these Statements had no current effect on the financial statements as a result of implementation, the Statements did change the presentation of the Commission's financials, which consisted of the net assets being classified as net position.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**DeSoto Parish Sales and Use Tax Commission**

**Schedule of Funding Progress for Other Post Employment Benefits  
June 30, 2013**

Fiscal Year End	Valuation Date*	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) – (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
June 30, 2012	June 30, 2012	\$ 15,000	\$ 193,902	7.7%	\$ 178,902	\$ 327,803	54.6%
June 30, 2013	June 30, 2013	30,000	224,690	13.4%	194,690	289,679	67.2%

\* The Commision uses the alternative method; therefore the date of valuation is used.

**DeSoto Parish Sales and Use Tax Commission**

**Schedule of Employer Contributions  
For Other Post Employment Benefit Plan  
June 30, 2013**

<u>Year Ended June 30</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2012	\$ 39,592	37.89%
2013	42,804	35.04%





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## **Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

### **Independent Auditor's Report**

Board Members  
DeSoto Parish Sales and Use Tax Commission  
Mansfield, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of DeSoto Parish Sales and Use Tax Commission as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 16, 2013.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the DeSoto Parish Sales and Use Tax Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DeSoto Parish Sales and Use Tax Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the DeSoto Parish Sales and Use Tax Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DeSoto Parish Sales and Use Tax Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Legislative Auditor as a public document.



ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
December 16, 2013